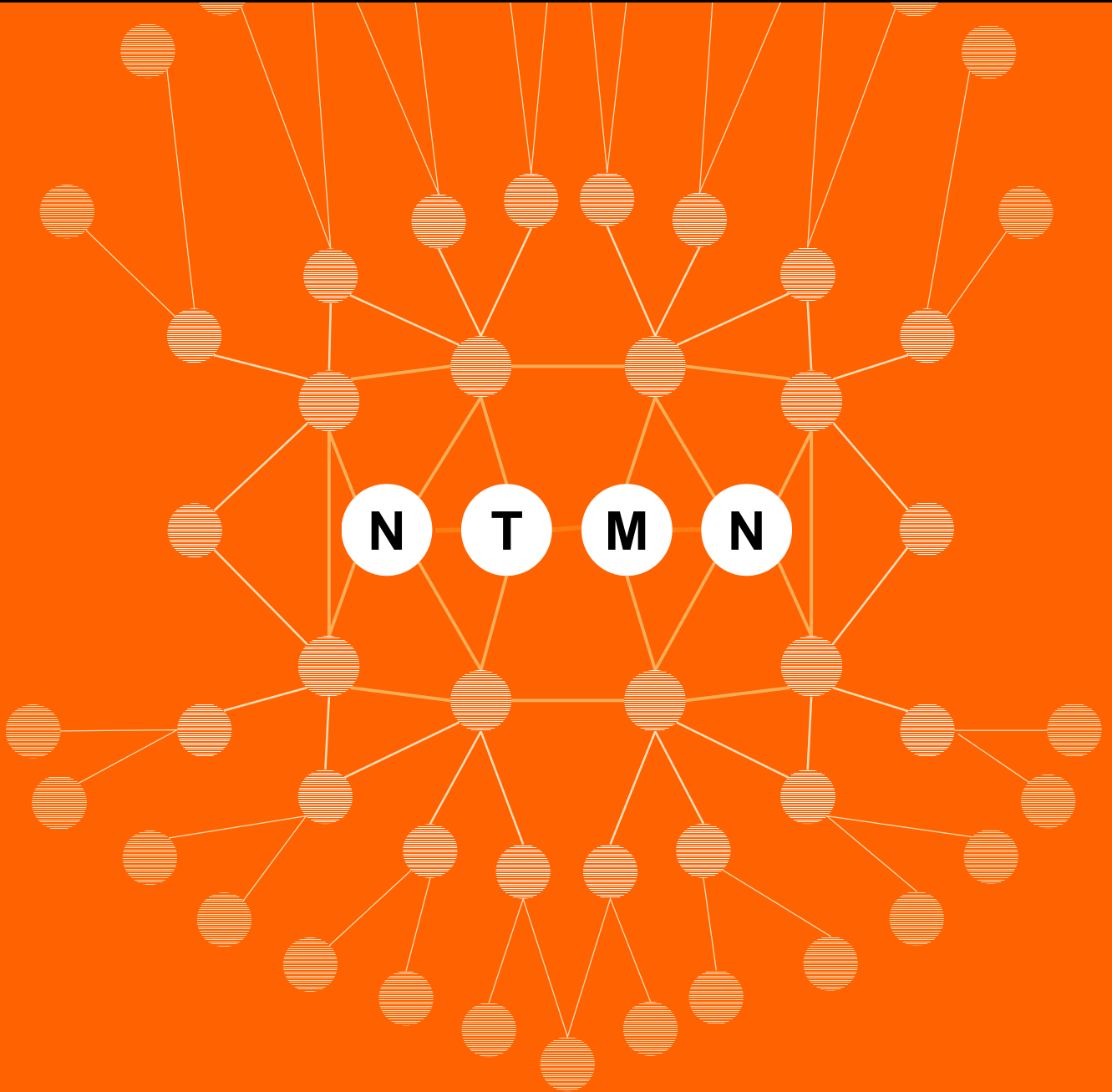


1st Annual Talent Management Survey



New Talent Management Network



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1st Annual Talent Management Survey

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All opinions expressed in this document are those of the author and do not necessarily represent those of any survey participants. For additional information about the New Talent Management Network, please go to www.newtmn.com or contact Marc Efron, Founder, at marc@effrons.com



About the Survey

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The 1st Annual Talent Management Survey advances the New Talent Management Network's goal of conducting original research to benefit the talent management community. The survey attempts to identify the structure, practices, and organization of the emerging talent management community.

About the Participants

The survey was administered from October – December 2007 and was open to any organization interested in participating. More than 80 companies with an average revenue of \$15.9B (a median of \$5.9B) participated in the on-line survey process. Participants were located worldwide, however 90% of respondents were from companies headquartered in the US. A broad variety of industries participated, with the largest segment (19.8%) in Manufacturing – Durable and Non-Durable.



A young profession emerges

All surveys were submitted anonymously to encourage disclosure of sensitive information such as compensation. Any surveys that did not include a revenue figure, were missing significant amount of information or otherwise appeared invalid were not included in the analysis.

About the New Talent Management Network

The New Talent Management Network (NTMNet) is a free network for senior talent management professionals interested in advancing this field. We have three primary goals:

- Improve talent management effectiveness by conducting original research that benefits the TM community
- Coordinate opportunities for local, free networking among TM professionals
- Increase the capabilities of TM professionals and raise the bar for this profession

For more information about the New Talent Management Network or this survey, go to www.newtmn.com or contact Marc Effron at marc@effrons.com

Executive Summary

Talent Management is emerging as a distinct discipline within Human Resources, focusing on succession planning and career development. The current shortage of senior TM resources and the evolving relationship with HR present challenges for its near-term effectiveness

A Developing Story

Our first survey of the talent management community finds it extracting higher value activities from traditional organization effectiveness and leadership development groups. Still open to question is whether this represents a slick repackaging of HR or a genuine innovation in how we grow talent. The next few years will test whether there is sufficient substance in TM practices and practitioners to justify a unique role in our organizations.

Insights and Implications

Our research discovered four insights about TM, each with significant implications for those who practice in this area and those who benefit from this work. Each insight and implication is discussed in more detail within the survey.

#	Insight	Implication
1	TM is emerging as the owner of higher-value people practices	We must solidify TM's roles and responsibilities to demonstrate that we can deliver incremental value
2	No consistent operating model or structure exists for TM	We must create superior delivery resources and better integration of design and delivery processes
3	Senior TM talent is scarce and demand continues to be strong	We must quickly create a high quality TM development pipeline or risk diluting the overall quality of the field
4	A compensation premium is paid to TM leaders in "Pure" TM groups	We must prove that this additional investment will yield tangible benefits to our organizations

While the form and function of Talent Management is becoming clear, its ability to fundamentally improve how talent is built remains unknown. With HR's reputation under attack, TM's success may not only prove its own value but begin to rehabilitate HR's image as well.



The State of Talent Management



Insight #1

TM is emerging as the owner of higher-value people practices

There's increasing clarity about what Talent Management does in organizations, distinct from organizational development and similar functions. This focus seems more pronounced when TM is a separate group (Pure TM) within HR rather than when it's integrated into another HR group (Blended TM).

At first glance, TM's responsibilities seem consistent with traditional OD/OE groups. . .

However, Pure TM groups perform significantly less OD/OE work

Your Talent Management group is responsible for:	All	Blended TM	Pure TM	Diff.*
Succession Planning/Talent Reviews	94%			
Developmental/Career Planning	88%			
Assessment/Feedback	86%			
Performance Management	80%	91%	71%	-20%
Executive Coaching	78%			
Employee Engagement (surveys)	76%			
Organization Development	75%	87%	64%	-23%
Training: Management	73%			
Change Management	51%	65%	39%	-26%
Talent Acquisition/Recruiting	43%			
HR Strategy	41%			
Training: Functional	41%			
Training: Other	24%	39%	11%	-28%
OTHER	20%			

* All other differences were less than 15%

IMPLICATION #1

We must solidify TM's roles and responsibilities to demonstrate that we can deliver incremental value

- We must further define TM's responsibilities and value to the organization or risk being considered "old wine in new bottles"
- We should define the unique capabilities required of TM practitioners
- We should partner with groups that develop HR talent (professional associations, universities, etc.) to create a course of study for TM

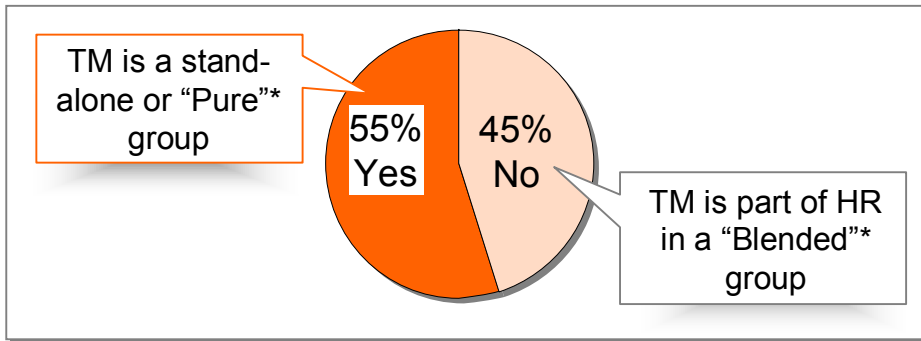
Insight #2

No consistent operating model or structure exists for TM

STRUCTURE

We see TM in a state of structural flux, with roughly equal numbers of companies having and not having a distinct “Talent Management” group. This distinction is important since our survey finds meaningful differences between groups structured in each way. We also find a no clear preference for the centralization or decentralization of the function.

Do you have a group/department within your company formally called Talent Management?

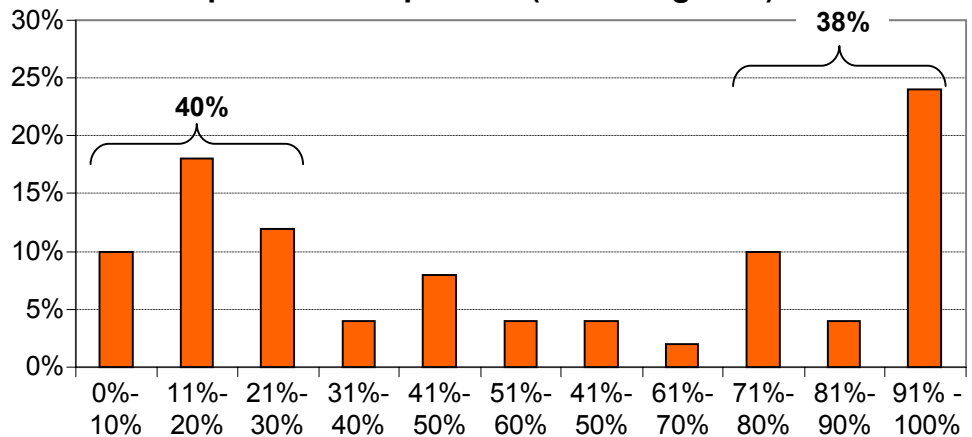


With TM being a relatively recent concept, it's surprising that “Pure” TM groups already represent 55% of survey respondents

*“Pure” TM refers to companies with a formal “Talent Management” group in their organizations, while “Blended” TM refers to companies that have talent management practitioners within HR but no formal TM group

What percentage of Talent Management staff is at Corporate/Headquarters (vs. at Regional)?

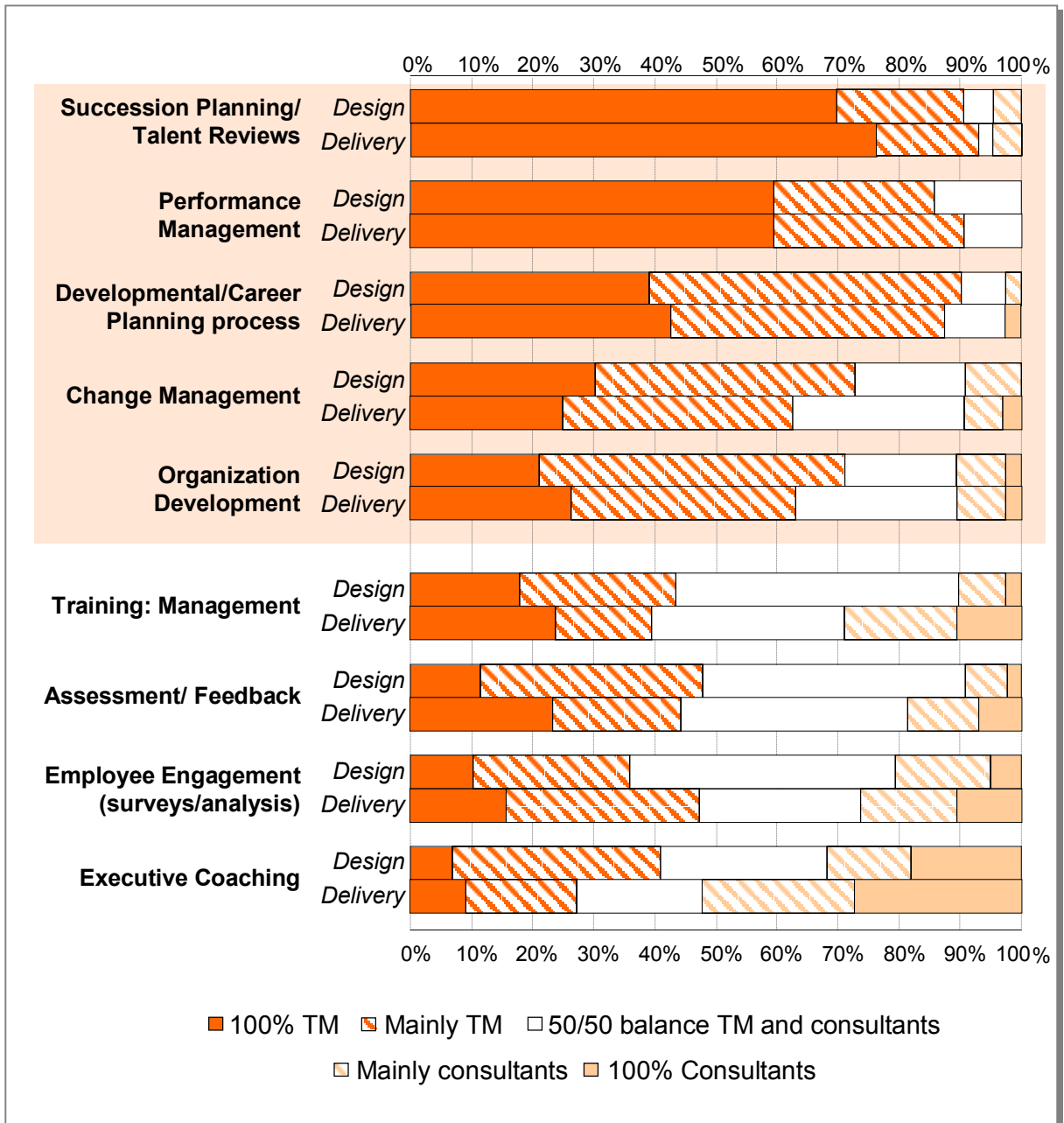
No consistent model for organizing TM groups was found in our study, with corporate dominated groups in 38% of our companies and regionally dominated groups in 40%.



THE USE OF CONSULTANTS

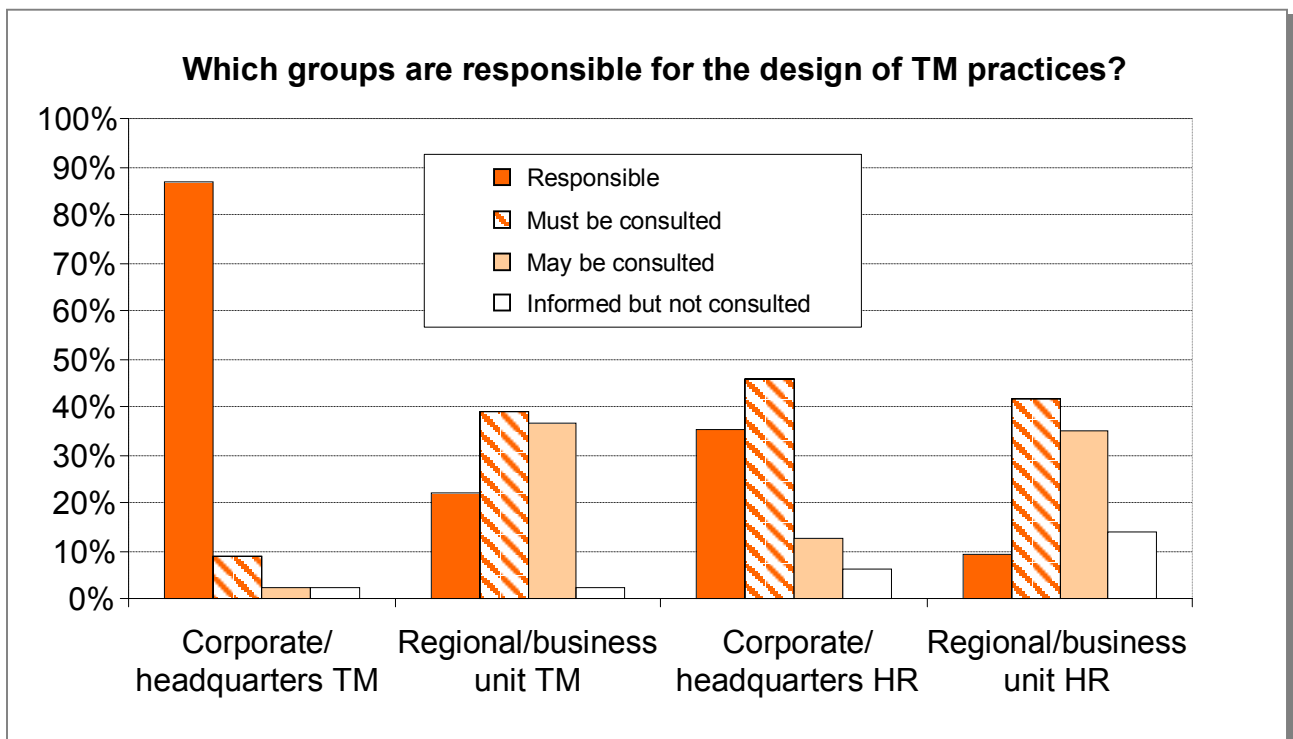
TM groups rely on internal resources to design and deliver core practices (see shaded area). Consultants are more heavily involved in management training, assessment and feedback, engagement surveys and executive coaching.

How involved are external consultants in the design and delivery of these practices?



PROCESS DESIGN

The design of TM practices rests almost entirely with corporate TM groups, with regional TM and other HR groups being responsible for delivery. The relatively low level of consultation required during design suggests potential implementation risks from lack of customer knowledge or incomplete buy-in from the implementing groups.

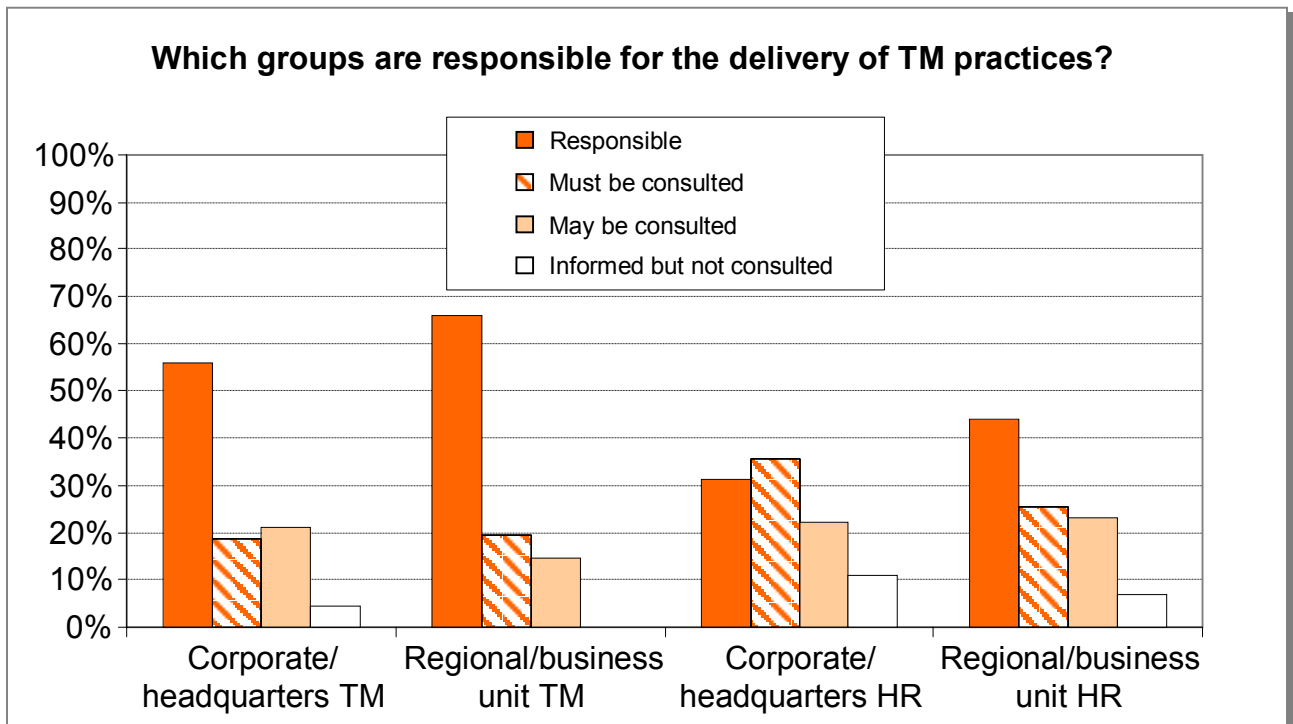


Note: Multiple selections could be made in each category, so totals may exceed 100%

There was no difference in the design process for firms with or without a stand-alone TM function.

PROCESS DELIVERY

TM practices are delivered by every HR group, with significantly increased involvement of the regions or business units. The level of cooperation between these groups during implementation is unknown.



IMPLICATION #2

We must create superior delivery resources and better integration of design and delivery processes

- We need to ensure the “voice of the customer” is heard by corporate TM groups as they design processes and practices.
- We must increase the level of consultation between corporate TM and key HR stakeholders during the design process. Current levels of consultation suggest that corporate TM may be perceived as designing processes in isolation.
- Given the historic challenges to successfully implement TM practices, we should focus on making our delivery resources 90th percentile performers.

Insight #3

Senior TM talent is scarce and demand continues to be strong

THE MARKET FOR TALENT

Senior level TM professionals are in short supply and demand looks strong at least through 2008. VPs and Directors in Pure TM groups are receiving a total compensation premium of 15% - 21% over their Blended TM peers.

How easy/difficult is it to find high quality talent management staff when recruiting externally at the following levels?

	VP/SVP	Dir.	Mgr.	Spec.
Impossible they don't exist	11%	0%	0%	0%
Very difficult very few quality individuals exist	63%	72%	23%	9%
Average it takes a while but we find what we need	26%	28%	64%	56%
Relatively easy plenty available when we want them	0%	0%	13%	35%

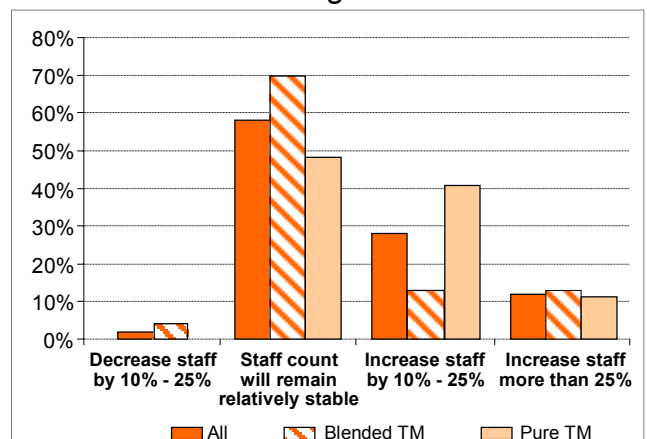
A talent shortage exists in Talent Management

Nearly 75% of respondents say that high quality VP/SVP and Director level talent is nearly impossible to find. The opposite holds true for Manager and below talent in this space, where most firms have few challenges finding the high quality talent they need

Healthy growth likely in Pure TM groups; relatively stable in Blended TM

More than 50% of Pure TM groups plan to make significant additions to staff in 2008, compared to just 20% of Blended TM groups. This level of demand will only exacerbate the talent shortage cited above and increase the compensation premium discussed on the next page

Over the next 12 months, how do you expect your talent management group will change in size?





IMPLICATION #3

We must quickly create a high quality TM development pipeline or risk diluting the overall quality of the field

- We need to clarify the distinct capabilities that define high performers in this field so we can set appropriate quality standards.
- We need to aggressively recruit appropriately skilled individuals both from within and outside of the HR function to fill TM roles.
- We need to manage our own teams effectively to ensure only the most highly capable employees are part of talent management.



What We Earn

Insight #4

A compensation premium is paid to TM leaders in “Pure” TM groups

COMPENSATION

Companies with formal talent management groups pay a 15% to 21% premium for senior TM talent. This implies higher value being placed on the more narrowly focused capabilities of TM practitioners in those groups (see page 3).

Compensation for TM professionals at each level

	VP	Dir./Ex.Dir.	Mgr./Sr. Mgr.
Base	\$223	\$163	\$115
Bonus	44%	30%	15%
	\$ 99	\$ 49	\$ 17
Long Term Incentive*	46%	21%	7%
	\$102	\$35	\$8
Total Direct Compensation	\$424	\$247	\$141

*LTI calculated as sum of LTI%/all respondents (those receiving no LTI are included). LTI % for those actually receiving LTI is 50% (\$112), 26% (\$42), 19% (\$22) respectively

Comparing the compensation of Pure TM (P.TM) vs. Blended TM (B.TM)

	VP		Dir./Ex.Dir.		Mgr./Sr. Mgr.	
	P.TM	B.TM	P.TM	B.TM	P.TM	B.TM
Base	\$231	\$215	\$175	\$151	\$115	\$115
Bonus	43%	46%	33%	28%	15%	15%
	\$ 99	\$ 98	\$ 57	\$ 43	\$ 17	\$ 17
Long Term Incentive**	54%	37%	23%	20%	8%	9%
	\$124	\$80	\$39	\$30	\$9	\$10
Total Direct Compensation	\$454	\$394	\$272	\$225	\$158	\$158
Premium for P.TM	115%		121%		100%	

*LTI calculated as average of LTI%/all respondents (those receiving no LTI are included). LTI % for those actually receiving LTI is 59% (\$135), 41% (\$88), 29% (\$50), 23% (\$35), 23% (\$26), 23% (\$26) respectively



IMPLICATION #4

We must prove that this additional investment will yield tangible benefits to our organizations

- We should continue to clarify the responsibilities of this profession and its unique role in HR.
- We must demonstrate that grouping this set of capabilities into one role will produce better results than any other configuration.
- The NTMN could take responsibility to lead the compensation research in this area, perhaps partnering with a compensation consulting firm.

